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TAGS: [PREL](#) [PGOV](#) [PHUM](#) [MARR](#) [MASS](#) [PE](#)
SUBJECT: Peru: Chile Military Purchases Rankle

REF: LIMA 1635

CLASSIFIED BY: P. Michael McKinley, Ambassador, STATE, AMB; REASON:
1.4(B), (D)

¶1. (C) Summary: Reports that Chile is poised to make significant arms purchases from the U.S. have caused rankles in Peru, and are being connected in the media to the capture of a Peruvian Air Force officer alleged to have been spying for Chile. The Ambassador spoke with Foreign Minister Garcia Belaunde November 6 and met with Defense Minister Rey November 10 to explain the context of the arms purchases and emphasize USG interest in maintaining transparency. Rey lamented the timing of the arms sales, noting that President Garcia's peace initiative (ref) was intended to prevent precisely this kind of situation. MFA officials and political analysts have echoed criticism of the unfortunate timing, while some observers have noted it could again distract Peru from focusing on the real and present threat within its own borders. As the Chile arms sale lands with a predictable thud here, we are facing some questions about Peru's importance to U.S. strategic interests in the region. End Summary.

¶2. (C) Reports of Chile's imminent arms purchase from the U.S. have hit the front pages November 13. Most media outlets have cited information found on the U.S. Defense Security Cooperation Agency (DSCA) website to the effect that the U.S. Congress has been notified of Chile's interest in purchasing Air to Air Missiles (AMRAAM) for its recently expanded F-16 fleet; a replacement "Sentinel" radar system; and a land to air missile platform (Avenger) with stinger missiles. While details have varied, most reports suggest that these purchases could total up to USD 665 Million. Many media outlets have linked Chile's prospective arms purchases from the U.S. to the November 12 arrest of a Peruvian Air Force NCO who was allegedly caught spying on behalf of Chile. According to news reports, the NCO, Victor Ariza Mendoza, had been selling classified information to the Chileans for up to USD 9 thousand dollars a month since he served in Peru's Embassy in Santiago several years ago. The predictable tone of the media coverage regarding this commingled "spies and arms" story is one of outraged surprise.

¶3. (C) In the days prior, the Ambassador alerted GOP counterparts about the coming announcement of the Chile military sale. The Ambassador spoke with Foreign Minister Garcia Belaunde November 6, emphasizing our desire to maintain transparency, noting USG interest in President Garcia's peace initiative and observing that the announcement was the culmination of a prolonged Foreign Military Sales (FMS) process in the context of the U.S. longstanding security relationship with Chile. (FM Garcia Belaunde

departed November 7 to Asia for APEC and related meetings.) On November 10, the Ambassador met with Defense Minister Rafael Rey to discuss the details of the sale, explaining that the Sentinel radar system and land to air (Avenger) air defense system were intended to replace obsolete systems already in place and that the 100 AMRAAM missiles would equip the 18 F-16s that Chile had recently purchased from Holland. Minister Rey expressed appreciation for the information but acknowledged that its timing was unfortunate, coming in the thick of the Peruvian government's energetic regional outreach on President Garcia's peace and arms expenditure reduction initiative. (A number of Peruvian government Ministers have been dispatched to different South American capitals to solicit support for the initiative -- Ref.) Rey said that Garcia's initiative was intended to obviate the need for precisely these kinds of arms sales, which could complicate efforts at regional confidence building.

¶4. (C) Following the Minister of Defense meeting, Pol/C contacted MFA DG for North America Jorge Felix Rubio to convey details of the coming announcement. On November 12, political officers met with MFA DG for South America Francisco Rivarola to reiterate the message. The MFA officials acknowledged that the news would cause local consternation and echoed criticism of its unfortunate timing. Rivarola stated that the GOP's top regional priority had become Garcia's peace initiative, which he described as a serious effort to nip a potential regional arms race in the bud but which faced persistent political obstacles such as Venezuela's anti-Colombian saber-rattling and Chile's continuing arms build-up. Rivarola said Minister of Justice Pastor had met with President Uribe in Colombia and received strong support for the peace initiative, Minister of Production Araoz was scheduled to visit Chile next week, but the Venezuelan Government had not yet responded to Peru's request to meet on the issue. Also November 12, Ambassador spoke to acting-FM Nestor Popolizzio who noted there would be a public reaction which the Ministry would seek to mitigate, but expressed regret about the sale and timing.

¶5. (C) Media analysts have underscored the unfortunate timing of the announcement, speculating about its significance to Garcia's disarmament initiative and asking the perennial question about "which country" Chile was arming itself against. Some observers have noted that the announcement could again distract Peru from focusing on the real and present threat of drug trafficking and re-emerging terrorism within its own borders and harden the long-standing consensus within security and some political circles that the country's primary threat lies to the south. As the Chile arms sale lands with a predictable public thud in Peru, we are facing some looming questions about U.S. strategic interests in the region.

MCKINLEY